

## Lleida.net

# BUY

Organic and inorganic growth in the right direction

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lleida.net announced 2Q21 results with a +17% increase in gross profits (vs +6% in 1Q21) coupled with an uptick in costs (+30%) that has resulted in a 7% decline in operating profits to €311k and a drop of 3% in pre-tax profits to €271k.

The cost increase has a seasonal component and it is related to additional hires (+22% in personnel expenses) and the WMC falling in 2Q21 because of Covid-19. Taking 1Q21 and 2Q21 together, costs only went up by 12%.

Despite the headline profit numbers, Lleida net remains on a strong growth trajectory for the year.

In addition, announced in June, the acquisition of software developer InDenova for €7.1 million (plus an additional €2 million in net debt) will provide a valuable process automation software portfolio.

The proposed price (subject to final DD) values InDenova on a 2020 EV/Ebitda multiple of 11x (using the reported cash Ebitda). It is an accretive acquisition bringing-in under €900k of cash Ebitda at the expense of additional financial costs of around €270k per year. (Not included in our current forecasts).

We are toning down our forecasts on the lower than expected SaaS growth in 2Q21 (we had a +65% growth for 2021), but we still expect 2021 to be a stellar year for Lleida.net. The announced acquisition will provide a strong value creation opportunity for the company.

We will maintain our target price unchanged for now based on the probable upside provided by the proposed acquisition.

### Equities

### BME Growth Technology

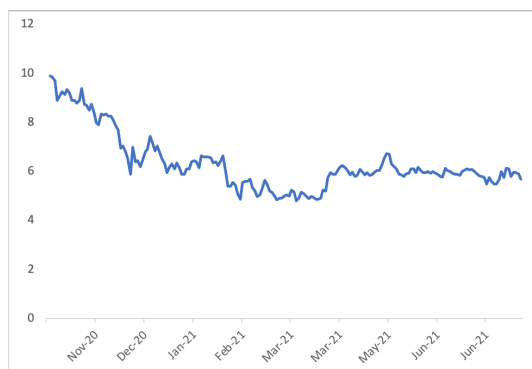
Price (4pm 21/7/21): €5,59

RIC: LLN

**Target Price (12-18 m): €11.15**

Rango 52 semanas (€): 10,40 - 3,46  
 Cap. Bur. (€ millones): 89,9  
 No. Acciones (millones): 16,05  
 Vol medio diario (€, 12m): 824 mil  
 Volatilidad media diaria: 5,1%

Price Chart (12 months)



(€ millions)	2020	2021f	2022f	2023f
Turnover	16,5	18,9	24,2	27,7
<b>Ebitda</b>	<b>2,0</b>	<b>2,9</b>	<b>4,9</b>	<b>6,4</b>
Net Profit	1,0	2,4	4,0	5,3
<b>EPS</b>	<b>0,06</b>	<b>0,15</b>	<b>0,25</b>	<b>0,33</b>
<b>Net Debt</b>	<b>-2,2</b>	<b>-3,4</b>	<b>-6,5</b>	<b>-11,0</b>
<b>EV/Ebitda</b>	<b>44,2</b>	<b>29,9</b>	<b>17,8</b>	<b>13,6</b>
P/E	87,9	38,1	22,7	16,9
CFY	2%	3%	5%	6%

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## 2Q21 results mark the rebound of the SMS divisions

lleida.net has reported a pre-tax profit of €271k, which was virtually flat on last year's numbers. Beneath the headlines there are a number of trends that can be observed this time, within the context that (looking back) it is not unusual to see changes in the pace of growth from one quarter to another.

- SaaS was again the fastest growing division with +25% growth to €1.55 million, although not as strong as the pace seen in prior quarters (+62% in 3Q20, +107% in 4Q20 and +46% in 1Q21).
- The now smaller SMS solutions division has bounced by 20% to €680k, the highest quarterly growth recorded since the company listed on BME Growth back in 2015. This is probably the result of the increased activity related to the return to the “new normality” following a very tough 2020.
- The ICX division has reported a 6% to €2,1 million, a mayor improvement from the 23% and 25% declines in quarterly sales observed in 4Q20 and 1Q21 respectively. This is further evidence of the global economic recovery and particularly of the hospitality sector and travel services generally, heavy consumers of SMS.

The 3 divisions combined delivered total sales of €4.3 million, a 14% increase. The better news has come from a 17% increase in the gross profit number that stood at €2.2 million, which is the result of a 120bp margin expansion relative to last year (and +140 bp relative to 1Q21). This is a signal that price competition has probably eased somewhat in the SMS sector.

Whereas the revenue side has delivered a very acceptable rate of growth (even if we would have like to see a slightly stronger SaaS), the cost side of the equation has been hit by the change of date of the WMC and the resumption of commercial travel by the different business development teams at the company.

- Personnel costs have gone up by 22%, which was predictable because it came at the same level as 1Q21 and in line with the additional hires to prepare lleida.net for the strong levels of present and future sales growth. There is always a perverse effect in investing in additional hires in that in the short term they may be a drag on Ebitda growth as we have seen this quarter. Nonetheless

(€ 000')	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	% y-o-y	
Software Services	1.081	1.239	1.380	1.977	1.580	1.547	46	25
SMS Solutions	662	565	618	724	688	680	4	20
ICX	2.303	1.983	1.912	1.990	1.719	2.095	-25	6
<b>Turnover</b>	<b>4.046</b>	<b>3.787</b>	<b>3.910</b>	<b>4.691</b>	<b>3.987</b>	<b>4.322</b>	<b>-1</b>	<b>14</b>
Cost of sales	-2.156	-1.880	-1.861	-2.508	-1.984	-2.091	-8	11
<b>Gross Profit</b>	<b>1.890</b>	<b>1.907</b>	<b>2.049</b>	<b>2.183</b>	<b>2.003</b>	<b>2.231</b>	<b>6</b>	<b>17</b>
<i>Gross Margin</i>	<i>47%</i>	<i>50%</i>	<i>52%</i>	<i>47%</i>	<i>50%</i>	<i>52%</i>		
Capitalized R&D*	168	163	174	157	193	207	15	27
Personnel Expenses	-874	-876	-903	-957	-1.013	-1.068	16	22
Other SG&A	-760	-552	-437	-756	-566	-805	-26	46
Depreciation	-288	-297	-298	-299	-265	-271	-8	-9
Other	0	-10	-31	-44	3	17		
<b>Operating Costs</b>	<b>-1.922</b>	<b>-1.735</b>	<b>-1.669</b>	<b>-2.056</b>	<b>-1.841</b>	<b>-2.127</b>	<b>-4</b>	<b>23</b>
<b>Operating Income</b>	<b>136</b>	<b>335</b>	<b>554</b>	<b>284</b>	<b>355</b>	<b>311</b>	<b>161</b>	<b>-7</b>
<i>Operating Margin</i>	<i>3%</i>	<i>9%</i>	<i>14%</i>	<i>6%</i>	<i>9%</i>	<i>7%</i>		
<b>Ebitda</b>	<b>424</b>	<b>632</b>	<b>852</b>	<b>583</b>	<b>620</b>	<b>582</b>	<b>46</b>	<b>-8</b>
<i>Ebitda Margin</i>	<i>3%</i>	<i>9%</i>	<i>14%</i>	<i>6%</i>	<i>8%</i>	<i>0%</i>		
<b>Ebitda**</b>	<b>256</b>	<b>479</b>	<b>709</b>	<b>470</b>	<b>427</b>	<b>375</b>	<b>67</b>	<b>-22</b>
<i>Ebitda Margin</i>	<i>6%</i>	<i>13%</i>	<i>18%</i>	<i>10%</i>	<i>11%</i>	<i>9%</i>		
Extraordinaries	0	0	0	0	0	-9		
Financial Costs	-19	-26	-17	-14	-13	-25	-32	-4
FX	-49	-31	-55	-55	49	-6	-200	-81
<b>Non-op. Results</b>	<b>-68</b>	<b>-57</b>	<b>-72</b>	<b>-69</b>	<b>36</b>	<b>-40</b>	<b>-153</b>	<b>-30</b>
<b>Profit Before Tax</b>	<b>68</b>	<b>278</b>	<b>482</b>	<b>215</b>	<b>391</b>	<b>271</b>	<b>475</b>	<b>-3</b>

Source: [lleida.net](http://lleida.net) and Checkpoint Partners

is the necessary “Capex” that a service oriented company must implement in order to sustain future growth.

- External costs went up by 55% to €805k largely because of the costs associated to the MWC held in Barcelona together with additional travel and commercial expenses from the business development team. By comparison, in 1Q21, external costs dropped by 26% to €566k due to the effects of Covid-19 on travel and trade fairs.

To take a better perspective of the trend in cost increases, it is better to take first half numbers together to see that personnel costs have gone up by 19% and external costs by 7%, which is an average increase of 12% in cash operating costs. No cause for panic on the 55% jump in external costs observed in 2Q21.

The mix of revenues and costs (together with a 27% increase in capitalized R&D) has resulted in an operating profit decline of 10% and a cash Ebitda decline of 22%. If we take the first half numbers combined, operating profits went up by 39% and 9% respectively.

Unavoidably, in order to sustain the strong levels of growth observed in 2020 and now in 2021, Lleida net has to build its cost base to keep up with the increased activity. From an accounting perspective might look like a disappointment, but not from a value creation perspective.

We are nonetheless reducing our sales and profits forecasts for 2021 to take into account the slowdown in SaaS sales growth observed in 2Q21. From €9.5 million estimated for 2021, we now go for €7.6 million in SaaS that is still a 34% increase over 2020. Alternatively, we are raising our SMS solutions and ICX numbers from €2.6 million and €7.9 million to €2.8 million and €8.3 million respectively to reflect the observed rebound in 2Q21 numbers.

Our 2021 cash Ebitda and pre-tax profits go from €3.9 million and €3.6 million respectively to €2.9 million and €2.6 million.

(€ millions)	2019	2020	2021f	2022f	2023f
<b>Sales by division</b>					
Software Services	3,7	5,7	7,6	11,7	14,3
SMS Solutions	2,5	2,6	2,8	3,0	3,0
ICX	7,5	8,2	8,3	9,4	10,3
<b>Sales by division (%)</b>					
Software Services	27%	35%	40%	48%	52%
SMS Solutions	18%	16%	15%	12%	11%
ICX	54%	49%	44%	39%	37%
<b>Turnover</b>	<b>13,7</b>	<b>16,5</b>	<b>18,9</b>	<b>24,2</b>	<b>27,7</b>
Cost of sales	-6,6	-8,4	-8,9	-11,0	-12,8
<b>Gross Profit*</b>	<b>7,1</b>	<b>8,1</b>	<b>10,0</b>	<b>13,2</b>	<b>15,0</b>
<i>% y-o-y growth</i>	18%	14%	23%	33%	13%
<i>Gross Margin</i>	52%	49%	53%	55%	54%
Capitalized costs (R&D)	0,93	0,66	0,67	0,68	0,68
Personnel Expenses	-3,1	-3,6	-4,3	-5,1	-5,2
Other SG&A	-2,7	-2,5	-2,8	-3,2	-3,3
Depreciation	-1,2	-1,2	-1,0	-0,9	-0,8
<b>Total Operating Costs</b>	<b>-7,0</b>	<b>-7,3</b>	<b>-8,1</b>	<b>-9,2</b>	<b>-9,4</b>
<i>% y-o-y growth</i>	10	5	11	14	2
<b>Operating Income</b>	<b>1,1</b>	<b>1,5</b>	<b>2,6</b>	<b>4,7</b>	<b>6,3</b>
<i>Operating Margin</i>	8%	9%	14%	19%	23%
<b>Ebitda</b>	<b>2,3</b>	<b>2,6</b>	<b>3,6</b>	<b>5,6</b>	<b>7,1</b>
<i>Ebitda Margin</i>	16%	16%	19%	23%	26%
<b>Ebitda (ex-capitalizations)</b>	<b>1,3</b>	<b>2,0</b>	<b>2,9</b>	<b>4,9</b>	<b>6,4</b>
<i>Ebitda Margin</i>	10%	12%	16%	20%	23%
Financial Income	0,1	0,0	0,0	0,0	0,0
Financial Costs	-0,1	-0,1	-0,1	-0,1	0,0
FX and Other	0,0	-0,3	0,0	0,0	0,0
<b>Financial Results</b>	<b>0,0</b>	<b>-0,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Profit Before Tax</b>	<b>1,1</b>	<b>1,1</b>	<b>2,6</b>	<b>4,7</b>	<b>6,3</b>
Tax	0,0	0,0	-0,2	-0,7	-0,9
<b>Net Income</b>	<b>1,1</b>	<b>1,0</b>	<b>2,4</b>	<b>4,0</b>	<b>5,3</b>
<b>Cash Flow</b>	<b>1,3</b>	<b>1,5</b>	<b>2,7</b>	<b>4,2</b>	<b>5,5</b>

Source: [lleida.net](http://lleida.net) and Checkpoint Partners

(€ millions)	2019	2020	2021f	2022f	2023f
<b>Fixed Assets</b>	<b>4,4</b>	<b>4,1</b>	<b>4,3</b>	<b>4,2</b>	<b>4,1</b>
Intangible Assets	3,8	3,5	3,5	3,4	3,3
Tangible Assets	0,4	0,4	0,6	0,6	0,7
Investments in Group Companies	0,0	0,0	0,0	0,0	0,0
Other Investments	0,2	0,2	0,2	0,2	0,2
Deferred Assets	0,0	0,0	0,0	0,0	0,0
<b>Current Assets</b>	<b>6,3</b>	<b>9,6</b>	<b>10,7</b>	<b>14,5</b>	<b>19,3</b>
Inventory	0,0	0,0	0,0	0,0	0,0
Debtors	3,6	4,2	5,2	6,1	6,5
Short Term Investments	1,3	1,3	1,3	1,4	1,4
Short Term Accruals	0,3	0,3	0,3	0,3	0,3
Cash	1,2	3,9	3,9	6,7	11,1
<b>Assets</b>	<b>10,7</b>	<b>13,7</b>	<b>15,0</b>	<b>18,7</b>	<b>23,4</b>
<b>Shareholders' Funds</b>	<b>4,4</b>	<b>7,3</b>	<b>9,3</b>	<b>12,8</b>	<b>17,5</b>
<i>Capital</i>	0,3	0,3	0,3	0,3	0,3
<i>Share Premium</i>	5,2	5,2	5,2	5,2	5,2
<i>Reserves</i>	-1,6	0,5	1,4	3,4	6,9
<i>Repurchase of share capital</i>	-0,8	0,3	0,3	0,3	0,3
<i>Profit and Loss account</i>	1,1	1,0	2,4	4,0	5,3
<b>Long Term Debt</b>	<b>1,7</b>	<b>2,1</b>	<b>1,8</b>	<b>1,6</b>	<b>1,5</b>
<b>Current Liabilities</b>	<b>4,6</b>	<b>4,3</b>	<b>3,8</b>	<b>4,3</b>	<b>4,5</b>
Short Term Debt	1,9	0,9	0,0	0,0	0,0
Provisions	0,1	0,1	0,1	0,1	0,1
Creditors	2,6	3,3	3,7	4,2	4,4
<b>Liabilities</b>	<b>10,7</b>	<b>13,7</b>	<b>15,0</b>	<b>18,7</b>	<b>23,4</b>
<b>(€ millions)</b>					
Dividends	0,2	0,3	0,5	0,6	0,8
Working Capital	0,9	0,9	1,4	2,0	2,2
Debtor Turnover (days)	80	86	91	85	84
Creditor Turnover (days)	69	75	81	75	73
Financial Debt	3,5	3,0	1,8	1,6	1,5
Cash	2,4	5,2	5,3	8,1	12,5
<b>Net Debt</b>	<b>1,1</b>	<b>-2,2</b>	<b>-3,4</b>	<b>-6,5</b>	<b>-11,0</b>

Source: [lleida.net](http://lleida.net) and Checkpoint Partners

## InDenova: An accretive and synergistic acquisition

Last Friday 30th of June [lleida.net](#) announced the proposed acquisition of Valencia based InDenova, a Software services and developer company focused on Process Automation and Electronic Signatures/ID Security. It is the first acquisition ever made by [lleida.net](#) in its history.

Once the due diligence process is completed by Lleida.net, the transaction is expected to be closed for an agreed amount of €7.1 million for 100% of the shares of InDenova S.L.

The indicated sales figures of InDenova for 2020 is of €3.2 million and Ebitda of €1.25 million (cash Ebitda of €875k). In 2019 and 2018, sales were of €3.3 million and €3.2 million respectively with Ebitda of €1.2 million and €0.8 million respectively. InDenova is a very profitable company with a loyal base of some 90 corporate and public sector clients but hardly any growth, hence the opportunity for Lleida.net.

The Net Debt of InDenova stands at around €2 million which means the EV/Ebitda (cash) of the transaction is around 11x the expected 2021 numbers, in line with similar transactions.



Source: InDenova

The acquisition brings to [lleida.net](#) a cross selling opportunity as well as 20 employee (mostly technical personnel) based in Colombia to support [lleida.net](#) existing operations in Latin America. Although is yet too soon to make an accurate forecast we believe the InDenova has the potential to add between €0.50 and €0.80 in our per share valuation of [lleida.net](#).



## Two main business lines with a strong underlying product base

70% of InDenova's business relates to the sale of Process Automation solutions under their eSigma brand with remainder 30% almost entirely in the e-signature space. Geographically, the company is based in Spain (50 employees) with offices in both Lima and Bogotá (20 employees) and selling to additional jurisdictions such as Morocco, Paraguay and Chile.

In this section, we describe the product offering of InDenova to facilitate the comparison with [lleidanet.com](https://lleidanet.com). The process automation solutions has the potential to bring the overall combined group to a higher level with an even stronger edge on the e-signature and KYC solutions.

It is yet too soon, given the deal has not yet closed, to provide a more accurate view of potential synergies or how much InDenova can grow under the leadership of Lleida.net. In general terms, Indenova should have the potential to add a further €1 million in 2022 Ebitda to our current estimate of €4.9 million.

### **A. The eSignaPlatform, a process automation solution**

The eSignaPlatform solution is a process automation platform both in SaaS and/or installed on the customer's servers, which includes a combined external digital portal (e-headquarters) and an intranet (employee portal) that allows the deployment of a complete eProcessing system.

The solutions within the platform family can consists of up to 5 differentiated software products offering with user interface layers that interconnectable with any software system in the market:

**eSignaBPM** (Business Process Management): is a software system that facilitates the electronic management of processes within the organisation, making it possible to implement any workflow in a simple way.

Without the need for programming knowledge and using the eSignaDesigner toolkit, the user can draw a flow chart of their own internal or external processes and the software automatically interprets the drawn graphics and

programs the intended process automatically. The eSignaBPM technology integrates electronic signatures and encryption at any stage of the process, enabling the generation, processing and retention of electronic files.

**eSignaRM** (Resource Management): a secure storage system for the custody and conservation of the electronic archive of each organisation in accordance with its regulations. eSignaRM ensures the accessibility, availability, integrity and authenticity of the stored files, which come both from Document Management Systems and from the digitalisation of paper files. The Software is capable of parameterising all the file-producing departments of each organisation, the document series and sub-series managed by each of them, and their conservation and final disposal periods.

#### **eSignaECM** (Enterprise Content Management)

eSignaECM is a document management tool that allows the user to perform all tasks related to the search, editing and sharing of electronic documents generated within an organisation. Creates document types according to international standards with a document manager that can be integrated with Sharepoint and Alfresco, an explorer and search engine.

#### **eSignaPortafirmas** (Electronic Signature Platform)

InDenova's clients can store and sign electronically from any place and any device (web-based system) and each user has a unique mailbox to review, sign electronically and send all types of documents by integrating signature circuits in the clients system (ERP, accounting application, etc.). The most common application are for hiring and payroll, employee leave and holidays, purchasing and quality control.

#### **eSignaPortalProveedor** (Suppliers)

Receives and formats suppliers' invoices electronically and incorporates them into the internal accounting systems automatically.

## **B. Digital onboarding, e-signature and Identity Software**

InDenova has a comprehensive product offering in the digital onboarding, e-signature and KYC space that is synergistic with [lleida.net](https://www.lleida.net) e-contracting and e-notification Software. Although [lleida.net](https://www.lleida.net) has e-signature and KYC capabilities too, InDenova

brings additional product depth and system functionalities that should add value to the over all product offering.

The product portfolio is broadly divided into three different areas: the Cloud e-signature, the Destop e-signature and identity Software that is normally required to guarantee the validity of the e-signature.

## 1. Cloud e-signature

A suite of collaborative work tools in the Cloud for securely editing, revising and sharing of documents. It incorporates the ability of digitally and/or electronically signing and sending (certified) any type of document between one or several parties with a workflow software engine without the need for programming.

- **eSignaBox** allows the user to manage from a single point the reception of private documents with his or her network of contacts (collaborators, suppliers, clients...) with the maximum guarantee of security, privacy and with full legal validity.
- **eSignaCorporate** allows the processes of any organization to be managed electronically. It has a workflow creation engine (BPM) to electronically process an organisation's approval and signature processes.
- **CertiDegree** allows students to verify to third parties the authenticity of their academic degree and keeps track of how many times your students' qualifications are accessed. It is a document management system able to store all the qualifications issued by a school or university in a secure, encrypted and verifiable way.

## 2. Desktop e-signature

A suite of desktop applications for document scanning and further data processing, electronic signature of documents individually or in unattended mode.

- **eSignaDigitalScan**. The certified digitalisation process is an automatic process that scans, signs and seals in time, at the touch of a single button all types of documents with full legal validity (electronic certification system approved in Spain by the AEAT, the Spanish tax agency). This is particularly aimed at paper invoices to be offered as evidence to the tax authorities.

- **eSignaViewerSP.** A desktop application that allows the electronic signature and viewing of all types of documents hosted on the user's PC, in the most used formats (XadES, PKCS#7 and PDF signature) and shows the validity of the signed documents by means of a simple viewer. It is solution designed for users that do not handle large volumes of electronically signed documents but require maximum legal validity both in the documents they sign and in the documents they receive already signed.
- **eSignaWriter.** A desktop application that allows the simultaneous electronic signature and encryption of several documents or folders from the client PC. Signs and verifies several documents or folders simultaneously. Works with the most commonly used signature formats such as: XadES, PKCS#7 and PDF signature. The user can set up a directory to keep your files organised and increase their security using our encryption system.
- **eSignaBatchServer.** A solution that integrates with the client's backoffice and allows the electronic signature and sending of documents to third parties in a massive and automatized format. The documents originate from the user's backoffice (ERP, CRM SW Invoicing) from where the electronic signature is selected in various formats. There is also the option of sending the signed files by email with intelligent recipient recognition. Once the process is completed, all the information is returned to the source application for integration. The application is intended for e-invoicing, e-contracting, e-payrolls and academic certificates mainly.

### 3. Identity Software

Global onboarding and digital identity solution, which ensures the veracity of the user and the non-repudiation of the transaction, complemented with electronic signature systems integrated into the processes and systems of users.

- **eSignaToken:** the portable electronic signature or eSignaToken is a secure pendrive to host different Digital Certificates. It is a portable electronic signature customized for professionals that allows them to sign documents while traveling.
- **eSignaPKI:** a company management system to generate Digital Certificates for employees. The eSignaPKI (public key infrastructure) allows the control of the life cycle of the Digital Certificates associated to each organisation, by means of a simple administration of the system by the client. The solution covers the authentication, electronic signature and encryption together with the user profiles (employee, civil servant, customer, visitor...) required for each process.

- **eSignaFirmaCentralizada** (centralized signature): Stores and manages an organisation Digital Certificates securely from a central server. The keys stored on the central server are unusable and can only be recovered with biometric information of the signatory (fingerprint, facial recognition and biometric signature) or authentication by user and password. This is particularly attractive in sectors such as healthcare, financial and transport handling large volumes of users.

## Web services and Mobile solutions

Tools to complement the services offered through the website environment or SaaS, allowing customers to incorporate security with digital certificates, content tracking with legal validity and certification of publications.

### **eSignaSpider**

Solution for automatic certification of information published on the client's website. The tool is composed of two integrated applications, one for web crawling and the other for certifying legally valid publications, which work together.

The crawling task is programmed to find the documents published on a website unattended (the user configures the search parameters via a simple control panel).

The files found are then processed and signed by the application and certified by a trusted Certification Authority that reliably accredits the identity of the publisher, the date and time of the public dissemination of the information and its unalterability over time.

### **eSignaWebSecure**

Integrated access to the client's website using Digital Certificates and secure user authentication. An API that allows the integration of identification mechanisms with digital certificates in third party platforms in a simple way and without the need for cryptographic knowledge.

### **eSignaWebSite**

Integrates the electronic signature of documents and forms on a website with full legal validity. It is an API that allows the user to integrate electronic signature mechanisms with Digital Certificates in third party platforms in a simple way and without the need for cryptographic knowledge.

Practical applications include, Invoices, orders and delivery notes, employment contracts and contracting services.

inDenova has also demonstrable capability in mobiles with a track record of creating solutions for high-impact mobile environments. The company has experience in mobility projects, in mobile payments, telecommunications services, mobile identity, education, mobile marketing, business services and public administration in multiple operating systems.

Its solutions are generally designed to integrate a range of functionalities such as push notifications (to keep users updated with systems and events, maps and geolocation), messaging systems (internal communication within an organisation), means of payment, reading and generation of QR codes and others such as monitoring user activity, smart cards, NFC technology, integration and development in the Cloud, electronic and handwritten signatures with legal validity, biometrics and integration with wearables.

## Checkpoint Recommendation System

The Checkpoint Recommendation System is based on absolute returns, measured by the upside potential (including dividends and capital reimbursement) over a 12-month time horizon.

Checkpoint recommendations (or ratings) for each stock comprises 3 categories: Buy (B), Neutral (N) and Sell (S).

Buy: the stock is expected to generate total return of over 15% during the next 12 months time horizon

Neutral: the stock is expected to generate total return of -15% to +15% during the next 12 months time horizon

Sell: the stock is expected to generate total return under -15% during the next 12 months time horizon.

### History of recommendations

Date	Recommen.	Price (€)	Target P.(€)	Period	Analyst
27.10.2016	BUY	0,71	0,95	12 months	Guillermo Serrano
16.01.2017	BUY	0,62	1,05	12 months	Guillermo Serrano
28.04.2017	BUY	0,66	1,25	12 months	Guillermo Serrano
20.07.2017	BUY	0,75	1,25	12 months	Guillermo Serrano
26.10.2017	BUY	0,52	1,13	12 months	Guillermo Serrano
31.01.2018	BUY	0,80	1,13	12 months	Guillermo Serrano
16.03.2018	BUY	0,84	1,13	12 months	Guillermo Serrano
17.03.2018	BUY	1.11	1.53	12 months	Guillermo Serrano
17.07.2018	BUY	1.15	1.53	12 months	Guillermo Serrano
17.10.2018	BUY	1.03	1.53	12 months	Guillermo Serrano
24.01.2019	BUY	1.06	1.53	12 months	Guillermo Serrano
24.04.2019	BUY	0.92	1.40	12 months	Guillermo Serrano
23.07.2019	BUY	0.87	1.40	12 months	Guillermo Serrano
21.10.2019	BUY	1.01	1.60	12 months	Guillermo Serrano
21.01.2020	BUY	1.35	1.80	12 months	Guillermo Serrano
21.04.2020	BUY	1.75	3.00	12 months	Guillermo Serrano
21.07.2020	BUY	4,34	6.00	12 months	Guillermo Serrano
26.10.2020	BUY	8,90	12.00	12 months	Guillermo Serrano
26.01.2021	BUY	6.00	11.35	12 months	Guillermo Serrano
20.04.2021	BUY	6.28	11.15	12 months	Guillermo Serrano

Checkpoint does and seeks to do business with companies covered in its research reports. As a result, investors may take the view this could affect the objectivity of the report and therefore should consider this report as only a single factor in making their investment decision.

Frequency of analyst reports: at present Checkpoint has committed to a quarterly update of Lleida.net financial and operational performance.

Investment horizon: our reports focus mainly on small capitalization and illiquid stocks where standard Venture Capital investment criteria should apply. An investment into a small market capitalization stock should be done on a 3-5 year time horizon in order to realized the full potential of the investment opportunity.

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# CHECKPOINT